

AR32



*Joseph-Armand Bombardier, inventor,
founding president of Bombardier Limited.*

THE BOMBARDIER COMPANY



Historical Background

The origins of Bombardier Limited can be traced back to the founding of Bombardier Snowmobile in 1937. At that time, the Company consisted of a mere handful of men working in a modest garage and led by the president and founder, Joseph-Armand Bombardier.

Joseph-Armand Bombardier was born on April 16, 1907 in the small

village of Valcourt where his father was a farmer. From his earliest years, he was fascinated by mechanical devices. Still a child, he built several working toys for his own enjoyment. He was only fifteen when he built his first snow vehicle. Four years later, he had reached a decision on his future: he would be a mechanic. His father

erected a garage for him in Valcourt and during the following ten years Joseph-Armand was to spend every moment of his leisure time working on his major project, the design and assembly of snow vehicles.

1935 marked an important step in his career. This is when he invented a revolutionary rubber-cushioned drive wheel and track which put the large scale production of multi-passenger snowmobiles within his reach. The invention was to secure his first patent two years later. That same year, his garage became Bombardier Snowmobile.

Business expanded sufficiently during the following four years to justify the construction of a new three-storey building which today houses part of the Ski-Doo Division Research Center. In 1941, Bombardier Snowmobile settled in the new premises and the business was incorporated in the following year. The Company continued in business under this name until 1967 when it became Bombardier Limited.

During the forties and fifties, J. A. Bombardier designed and built multi-passenger snowmobiles, which found markets in almost every country in the world where snow is found, and also all-terrain tractors used on industrial projects and for maintenance work and transportation.

However, a new era in Company expansion began in 1959 with the marketing of the Ski-Doo snowmobile. Mr. Bombardier sold 225 in the 1959-60 season and by the time of his



Snowmobiling is a sport that is growing ever more popular. In North America there are now more than 2,000,000 machines in circulation.

2 million class A shares were then issued, and by March 21, 1972, the Company had outstanding 15,900,000 class A and B shares. Of these, the 2,900,000 class A shares were held by about 5,125 shareholders. 1,790,536 were held by 4,816 Canadian shareholders, and 1,109,464 by 309 non-resident shareholders. The 13,000,000 class B shares were all held by the parent company: Les Entreprises de J. Armand Bombardier Ltée.

Bombardier Limited, with its Head Office in Valcourt, Quebec, designs and markets a range of products of which the most famous is the Ski-Doo snowmobile. In North America, it also manufactures the Moto-Ski snowmobile, the Moto-Skeeter mini-bike, all-terrain tractors for use in snow or marshy conditions, children's outdoor clothes and clothing and other accessories for the winter sports enthusiast. In Europe, its factories produce two-cycle engines, tramcars, garage doors, snowmobile mufflers and starter casings. Bombardier Limited produces more than 85% of the component parts for its snowmobiles, and through its subsidiaries manufactures a whole range of plastic, fiberglass and rubber products for a variety of outlets besides the snowmobile and industrial tractor markets.

The Company holds a major part of the world market for snowmobiles and rubber-tracked all-terrain vehicles. Almost half of the snowmobiles operated in North America are made by Ski-Doo or Moto-Ski Divisions. The Company's industrial vehicles are sold

death in 1964 the Company had manufactured and sold 16,672. The product had thus been well and truly launched on the market and the Company entered a period of rapid expansion. Sales figures for that year reached a total of 13 million dollars.

Mr. Bombardier's career was prematurely cut short but through the different types of snow vehicles he invented he provided mankind with a means of winter transportation, supplied certain industries, notably the forestry industry, with new ways of

carrying out their work, and launched an entirely new sport – snowmobiling.

The Bombardier Complex

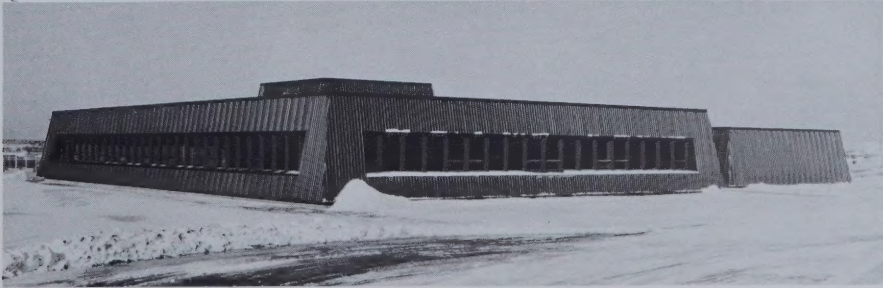
The following six years, 1965 to 1971, saw Bombardier Limited undergo phenomenal expansion. During this period it acquired most of the twenty concerns it controls today. It was also at this time, in March 1969 to be exact, that it became a public company.

in some 32 countries around the world and its distribution network covers four continents grouping more than 100 distributors and more than 4,000 dealers.

General Management

As part of the administrative reorganization carried out in June 1970, a Corporate Management Group was set up comprising the senior management and four main services: Finance, Industrial Relations, Administrative Services and Legal Services.

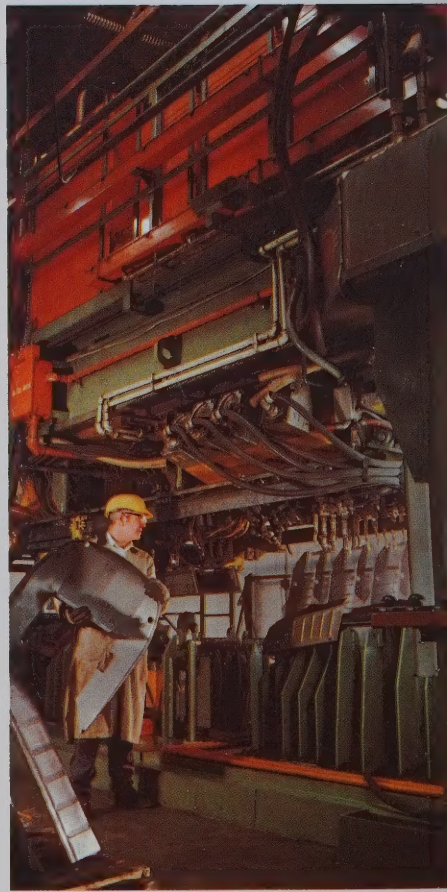
Their primary tasks are in the field of planning and supervising the activities of the divisions and subsidiaries. They are also responsible for formulating overall objectives and certain important general policies. In addition to this corporate personnel are available whenever subsidiaries and divisions wish to call on their services.



The new building of Bombardier Limited headquarters, in Valcourt, Quebec



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1. Offices and factory of Ski-Doo Division, Valcourt. On the right can be seen the Industrial Division premises.
2. This impressive multiple spot welding machine can automatically weld 10 parts onto a snowmobile frame. The whole operation requires only 30 seconds, during which 110 different welds are made.

SKI-DOO DIVISION

The field of activity now known as Ski-Doo Division came about as a result of the marketing of the Ski-Doo snowmobile. Ski-Doo Division is responsible for the development, manufacture and marketing of the Ski-Doo snowmobile, the product which put the Company's reputation on a world-wide basis, gave birth to a new industry and created a sport which has revolutionized winter recreation in North America.

The Research and Development Center is located in Valcourt and comprises engineering and design services together with metallurgical

and acoustic laboratories, soundproof test chambers, a controlled temperature room and a test center. This center includes a timing circuit, endurance tracks and test chambers.

The factory, also situated in Valcourt, leads the industry in the field of technological equipment. It has seven assembly lines and a maximum production capacity of 2,000 vehicles a day.

The marketing department, with offices in Montreal, is responsible for promoting, advertising and selling the Ski-Doo snowmobile as well as for providing after-sales service. It is also charged with carrying out all related programs such as market research and general communications with the distribution network, the press and the public at large. Each of these services works in close collaboration with the 15 distributors and 2,500 Ski-Doo dealers in North America.



The offices of the Ski-Doo Division marketing department in Montreal. This building also houses a vast parts warehouse.

ROTAX DIVISION

Rotax Division was born from the fusion of two Austrian companies, Lohnerwerke GmbH., of Vienna, and its subsidiary, Rotax-Werk AG., situated in Gunskirchen, Lower Austria. These concerns were acquired by Bombardier in January 1970, and were amalgamated under the name Bombardier-

Rotax GmbH. The Head Office was established in Gunskirchen.

The founding of Lohnerwerke goes back to 1823. It was then engaged in manufacturing carriages for royalty and for the aristocracy, a production which reached its peak in the years 1867-1890. Towards 1898, the company, then known as Jacob Lohner & Co., branched out into the automobile business. About 1907 it began producing trolley buses and, in 1910, aircraft. During the First World War it also undertook the production of armoured vehicles. After the war, the company changed its name to Lohnerwerke GmbH. and started producing chassis for buses, trucks and other vehicles.

In 1925, tramcar production began and, in 1949, motorcycles, a line which has since been discontinued. Ten years later Lohnerwerke acquired the Rotax company.

Today, the Vienna factory manufactures a variety of products including tramcars, garage doors, snowmobile mufflers and starter casings. It supplies about one third of Austria's entire annual production of tramcars. Consideration is now being given to expanding into the manufacture of subway cars.

Rotax-Werk was founded more than half a century ago with its Head Office in Dresden, Germany. It was then engaged in manufacturing bicycle hubs and its product enjoyed a world-wide reputation.

At the beginning of the thirties, the company was acquired by a compet-



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itor. The following years were difficult due to the economic and political situation, and the company eventually had to discontinue its operations for nearly ten years. In 1943, it was decided to move the Head Office to Austria. The company settled on the small town of Gunskirchen, and moved into some former war-material storage depots which have since been renovated and enlarged by the addition of extremely modern offices and machine shops.

The company then went into the production of engines for agricultural machinery, designed specifically for the mountainous regions of the Austrian Alps. This type of engine is still made today and is widely used in the area.

Rotax was nationalized in 1955, the year Austria gained its independence; four years later the Government sold it to Lohnerwerke GmbH.

Today, Bombardier-Rotax is one of Austria's most important companies and its principal exporter to Canada.

The major product manufactured by Bombardier-Rotax is a range of two-cycle gasoline engines of varying power.

About 80% of the components, a total of more than 3,000 different parts, are manufactured in the machine shops at Gunskirchen. This requires a considerable amount of equipment, more than 2,000 machine tools of all kinds without including laboratory and assembly-line equipment.

The endurance, performance and other characteristics of Rotax engines

Machining engine cylinders at the Rotax Division's Gunskirchen factory, Austria.

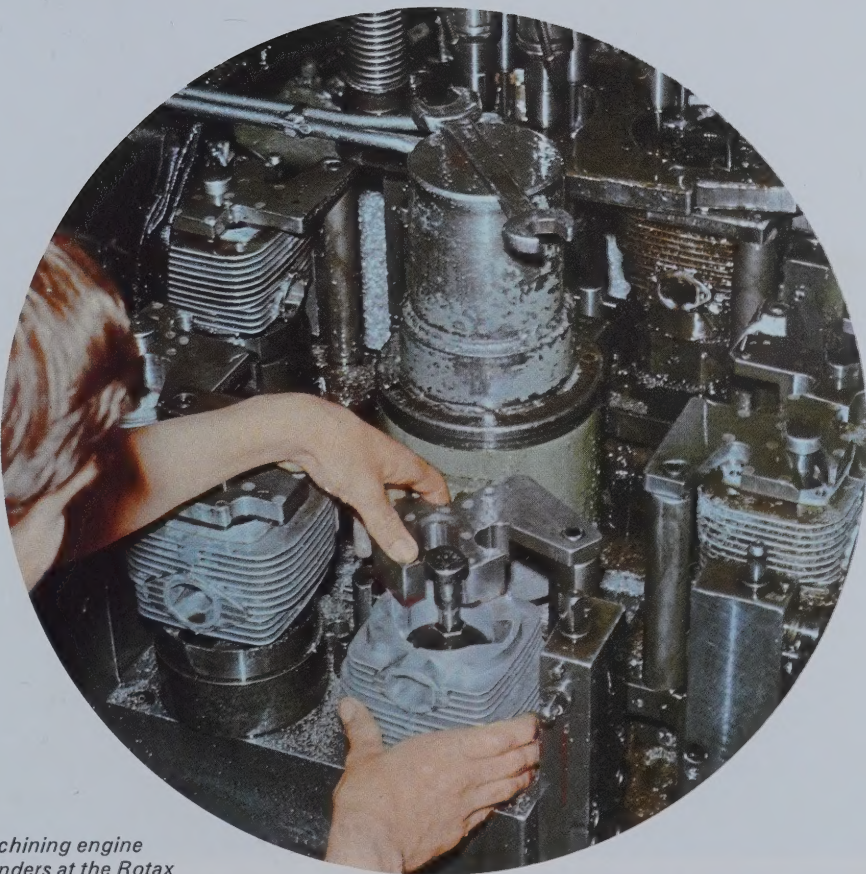
are evaluated at the division's own test track and research center, where studies are also carried out on fuels and noise-level problems.

Ski-Doo Division is the most important outlet for Rotax engines. Another customer is Thailand, which puts the Bombardier-Rotax engines to use in the rice-fields powering irrigation pumps and boats. The division has other markets in Austria

and in Europe generally where the engines are sold for agricultural and construction purposes.

1. The Rotax Division offices and factories in Vienna are housed in 84 separate buildings, the oldest of which date back to 1878.

2. Head Office of Rotax Division, in Gunskirchen, Austria. The offices and factories are housed in 14 buildings. Since Bombardier Limited acquired the concern, the floor area has been almost doubled.





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1. *The Head Office of Moto-Ski Division in La Pocatière, Quebec.*
2. *Finished products of the Division : the Moto-Ski snowmobile and the Moto-Skeeter motorcycle.*
3. *The assembly lines at the Moto-Ski Division factory have an annual production capacity of some 75,000 snowmobiles. Moto-Skeeter motorcycles are also assembled on these lines.*

MOTO-SKI DIVISION



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Moto-Ski Limited was set up in March, 1971, following the acquisition by Bombardier of the assets of Les Industries Bouchard Inc.

Like Bombardier, this company originated in a small garage. In 1968, at the death of the founding president, Mr. C. E. Bouchard, the company passed into the hands of an American company, Giffen Industries Inc. Three years later, Bombardier Limited acquired both the assets of Les Industries Bouchard and those of MS Distribution Limited, its affiliate.

Moto-Ski Ltd., now Moto-Ski Division, is situated in the picturesque little town of La Pocatière, in Kamouraska county, about 60 miles east of Quebec City. The division designs and manufactures the Moto-Ski snowmobile and the Moto-Skeeter mini-bike. Snowmobile production goes back to the origins of the company; the mini-bike was marketed for the first time in the spring of 1970. Moto-Ski

Division, like Ski-Doo Division, is equipped with its own services for sales, financing, purchasing, industrial relations, marketing, production and research.

The factory is fully equipped with modern machines and two assembly lines. It has an annual production capacity of about 75,000 snowmobiles. In addition to this, since 1970, it has been manufacturing and assembling the Moto-Skeeter mini-bike. With a few slight modifications in machining and assembly techniques, daily production of this vehicle could reach about 600 units.

The research center is situated in a new building near the Head Office. It has been supplied with all the modern equipment necessary for studying, developing and applying technical improvements as well as for carrying out new product research and development. The new marketing service is centered in Montreal.

Moto-Ski Division products are distributed through a network which groups about 20 distributors and 1,500 dealers in North America.



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1. A clothing workshop.

The Apparel and Accessories Division, with its Head Office in Montreal, has two workshops in Montreal, one in St-Hyacinthe and one in Richmond, Quebec. A fifth is situated in Plattsburgh, in the United States.



THE APPAREL & ACCESSORIES DIVISION

The Apparel and Accessories Division is responsible for the design, manufacture and distribution of three principal groups of products: interior and exterior sports clothing for men, women and children as well as the accessories distributed through Ski-Doo Sports Ltd; children's winter clothing sold under the Walker brand name in department stores throughout Canada and the United States; and the Moto-Ski sports clothing manufactured in Moto-Ski snowmobile colours.

General services common to all three product groups enable this division to keep up with the latest developments in its particular industrial sector.

The initiative and creativity which the division has shown from the outset have transformed Ski-Doo sports clothing from a product originally developed to meet the needs of snow-

mobilers into a fashion line offering warmth, comfort and elegance. Its qualities are now appreciated not only by snowmobilers but by outdoor enthusiasts of all types throughout North America.

The Apparel Division includes four companies: Walker Enterprises Ltd., Walker Manufacturing Co. Ltd., Ski-Doo Sports Ltd. and Moto-Ski Sports Ltd. 90% of the shares in the first 3 companies were acquired by Bombardier Ltd. in August 1970 and, prior to this transaction, they were affiliated companies in which Bombardier held a 50% interest. The founding of Moto-Ski Sports Ltd. dates from the summer of 1971.

The divisional Head Office is in Montreal, but workshops are also located in Richmond, and St-Hyacinthe, in Quebec, and in Plattsburgh in the United States.



The Apparel Division manufactures a varied range of warm and comfortable fashion sports clothing for men, women and children.

THE INDUSTRIAL DIVISION

The Industrial Division became autonomous in 1969, and has some justification for claiming the privilege of being our senior division, since some of the products it manufactures are the very ones which marked the founding of the Company.

This division designs and manufactures rubber-tracked industrial

vehicles capable of working in unfavourable mud or snow terrain conditions. These machines are used for land development, maintenance tasks and for transportation.

The Industrial Division vehicles are sold through some sixty service centers. About 80% of total production goes to Canada and the United States.



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The division manufactures a range of vehicles including the multi-passenger snowmobile, used for passenger transportation over snow-covered ground and as a sightseeing bus at winter resorts ; the SW tractor, used for clearing snow from sidewalks, parking lots and landing strips in winter, and for general maintenance

tasks in summer ; the Skidozer trail-groomers, designed specifically for the establishment and maintenance of snowmobile trails and ski-slopes ; the Terrain-Master/Qua-Trac series of tractors which are used principally for forestry work and transport ; the Muskeg and J-5 series, all purpose tractors used for such tasks as land cultivation, forestry work, telephone and transmission line repairs, irrigation, inspection, conservation, excavation and general maintenance.

Offices and factory of the division are situated in Valcourt. The division is organized into three main services : research, marketing and production, all of which assure the customer of a fully competitive high-quality product.



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1. *The Industrial Division designs and manufactures a range of rubber-tracked all-terrain vehicles for various industrial markets such as logging, surveying, agriculture and construction.*
2. *The SW Tractor is used for clearing snow from sidewalks, parking lots and landing strips in winter.*
3. *The Skidozer 501, a tractor designed for ski-slope maintenance. The 501 is the largest of the five vehicles in the Skidozer series.*
4. *The Muskeg tractor, a versatile vehicle for lumbering, surveying, farming, construction, irrigation works, and many other uses.*

LA SALLE PLASTICS INC.



This company, which was originally from Montreal, was founded in 1962 as La Salle Plastic Moulds Inc. It was acquired by Bombardier Limited in 1968 and the Head Office was moved to Richmond, in the Eastern Townships, Quebec.

The company uses injection moulding to make various types of plastic

parts for several markets, including the snowmobile industry.

La Salle Plastics is now one of the most important Canadian companies in the field of processing polycarbonate by injection, and is one of North America's largest consumers of this material. It is one of the very few companies to have all the equipment necessary for treating polycarbonate and for manufacturing large-sized parts, the heaviest of which weigh 15 pounds each.

The factory possesses some of the most powerful machines operating in Canada as regards injection and clamping capacity. Two of them can mould a snowmobile cab in less than three minutes.

There is also a fully-equipped and up-to-date laboratory at the factory, which enables specialists to carry out an imposing array of tests on both raw materials and finished products, thus ensuring high quality production.



1. The raw material: granular polycarbonate.
2. Offices and factory of La Salle Plastics Inc., Richmond, Quebec.
3. La Salle Plastics Inc. possesses some of the most powerful injection moulding presses operating in Canada, and the factory is equipped to mould parts weighing up to 15 pounds each.

ROCKLAND INDUSTRIES LTD

The acquisition of Rockland Industries Ltd. goes back to 1947. It was, at that time, a very small company engaged in the production of food storage cartons. Mr. Bombardier decided to re-equip the premises to enable the company to carry out research on rubber parts. In 1952, when he decided to manufacture

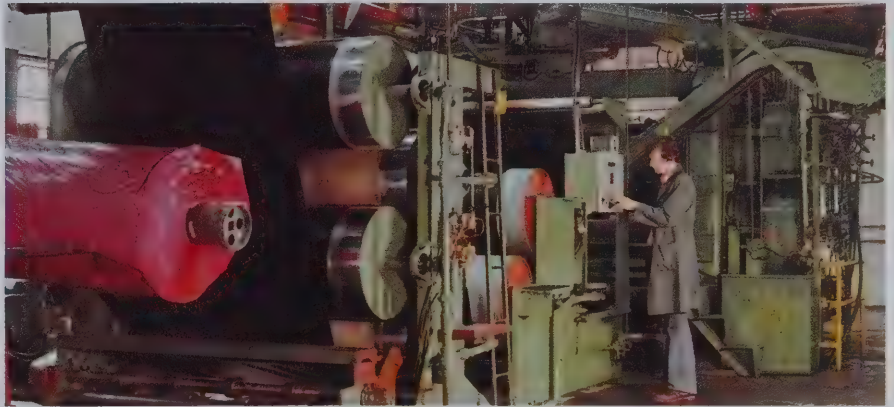
great variety of parts of all shapes, sizes and textures.

Rockland Industries Ltd. manufactures parts for snowmobiles and all-terrain tractors as well as supplying the needs of various other industries.

Studies on the development of new forms of rubber and on the chemical composition of its products are carried



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1. *Rockland Industries Ltd. This subsidiary manufactures rubber products and parts. It is situated about ten miles from Valcourt in the picturesque village of Kingsbury, in the Eastern Townships region of Quebec.*
2. *This roller, part of the equipment at Rockland Industries Ltd., performs two functions : it rolls raw rubber into strips of varying widths and thicknesses as necessary, and applies a thin coat of rubber to the nylon sheets used in the production of certain parts.*

rubber tracks for use on his own vehicles, he converted the building, which had already been enlarged, into a factory and incorporated the business under the name Rockland Accessories Ltd.

This subsidiary, situated in Kingsbury, in the Eastern Townships region of Quebec, specializes in the processing of rubber from raw materials, natural or synthetic, and in moulding parts by injection and compression.

The factory is supplied with an impressive range of technical equipment which enables it to produce a

out in the subsidiary's own research department.

ROSKI LTD



*Manufacturing
fiberglass snowmobile
cabs at Roski Ltd.'s factory.*

Production at Roski Ltd. is now highly diversified. In addition to a range of fiber-glass products manufactured largely for the snowmobile industry, the subsidiary also uses heat forming and injection moulding to produce plastic products which are supplied to many other markets as well.

Considering the wide diversification of production made possible by the technical facilities at the Roski plant, this subsidiary should experience considerable expansion in the future.

Roski Limited is located in Roxton Falls, in the Eastern Townships of Quebec. The company has been a Bombardier subsidiary since 1963. At that time, Bombardier had decided to manufacture certain of its snowmobile parts out of fiber glass. It therefore acquired and equipped commercial premises which were available in the municipality and founded the company of Roski Ltd.

The new company was not long in making its presence felt. Four years after its inception it had become the most important consumer of fiber glass in the Province of Quebec. Almost all the products manufactured there were parts for Ski-Doo snowmobiles.

The original buildings were destroyed by fire in November 1970, so the opportunity was taken to build new premises which were specifically designed with a view to the company's products, manufacturing procedures and the materials handled.

*Roski Ltd.'s premises in Roxton Falls,
Quebec.*



JARRY PRECISION LTD



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Jarry Precision Ltd., located in the city of Laval, on the outskirts of Montreal, was founded in 1967 and acquired by Bombardier Limited in February 1970, as part of the policy of vertical production integration decided on by the management.

The subsidiary's machine shops are engaged in the manufacture and assembly of transmission parts for snowmobiles and in the production of other precision parts.

Close collaboration is maintained with Ski-Doo and Moto-Ski Divisions in order to develop special parts and transmission systems.

The factory has a considerable amount of precision tooling and its production methods are highly automated. These factors enable it to manufacture an extremely varied range of precision-type parts.



1. Jarry Precision Ltd., a subsidiary specializing in the production of precision parts.

2. An interior view of Jarry Precision Ltd's factory in Laval, on the outskirts of Montreal.

DRUMMOND AUTOMATIC PLATING INC.



This subsidiary is situated in Drummondville, Quebec, and was founded in May, 1970. Bombardier Limited held 51% of the shares at its inception, and acquired the balance of the shares issued in August 1971.

Drummond Automatic Plating Inc. specializes in galvanizing and chroming parts. The electroplating method employed is one of the most technically advanced processes in the industry.

The factory is essentially a treatment plant. This means that its operations differ considerably from those of the company's other manufacturing subsidiaries, which produce finished parts starting from basic materials.

Almost any kind of product or component, from household appliances to furniture, can be treated at the plant. About 10,000 snowmobile parts are chromed there every day and it is capable of galvanizing 20,000,000 parts annually. The method is entirely

automatic and the factory can operate 24 hours a day.

This subsidiary also has laboratory facilities where the various chemical solutions used in the baths are prepared and checked and where treated parts are tested for corrosion resistance.

1. The galvanizing process is completely automatic. The small parts are placed in drums and the large parts hang from automatically controlled conveyors.
2. Drummond Automatic Plating Inc. is a subsidiary located in Drummondville, Quebec.



VILLE-MARIE UPHOLSTERING LTD

Ville-Marie Upholstering Ltd. became a Bombardier affiliate in 1968. The company was founded in 1960 and occupied premises in Quebec City with a total floor area of 8,000 sq. ft. Its production was mainly centered around furniture upholstery.

In 1964, the management struck out

buses, trailers and tent-trailers.

Research at Ville-Marie Upholstering Ltd. is oriented towards the study of foam rubber composition, various moulding and upholstery techniques, new designs for improving the comfort of the seats and the safety of the operator, and towards the



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1. *Ville-Marie Upholstering Ltd., in Beauport, Quebec. This company has been a subsidiary of Bombardier Limited since July 1972.*
2. *This concern manufactures foam rubber seats for snowmobiles, buses, cars and tractors.*

in a new direction. The factory was retrooled in order to begin production of snowmobile and bus seats. Ville-Marie went through considerable expansion in the years that followed and the company had to move to new premises which it built at Beauport near Quebec City. At that time the buildings had a total area of 25,000 sq. ft. Today they cover 95,000 sq. ft.

This company specializes in the manufacture of polyurethane based foam rubber and uses its own special processes in assembling seats for snowmobiles, automobiles, tractors,



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development of new production methods.

DISTRIBUTION SUBSIDIARIES



A typical Ski-Doo dealer showroom.

The distribution subsidiaries have a primary responsibility to build and maintain a solid dealer network. They must also see to selecting the dealers, delivering our products, setting up regional promotion campaigns, sales programs, financing plans and correct inventory control.

In addition to this, these subsidiaries must ensure new model presentation, advise the dealer on questions of management, inform him of market changes and the various strategies recommended by the Company, back him up in the local promotion of the product and supply him with all necessary technical data concerning the vehicle, its repair and its servicing.

To fulfill these requirements, regular service schools are held by the subsidiaries where they offer practical and theoretical courses covering all subjects, from public relations policy to warranty conditions. These schools are provided with audio-visual aids and well-equipped workshops.

The operations of the subsidiaries, however, go beyond the commercial sector. There are also social responsibilities to be met. The subsidiaries collaborate closely with government authorities to draw up laws and regulations applying to the sport of snowmobiling. They take part in seminars and conferences on safety, the education of the snowmobiler, the environment and other relevant subjects. They also try to set the sport on a firmer footing by promoting the development and maintenance of snowmobile trails, the formation of

1. *Bombardier (Quebec) Ltd.'s new premises in Boucherville, Quebec.*
2. *The offices of Bombardier East, Inc., in Lee, Massachusetts.*
3. *The warehouse.*
4. *Bombardier (Ontario) Ltd.*

snowmobile clubs, the organization of driving courses, and in fact, everything which helps make the sport better and safer for all concerned.

Bombardier (Quebec) Ltd.

This subsidiary is responsible for the distribution of Ski-Doo Division products within the Province of Quebec. It was founded in 1967 and has occupied spacious new premises in Boucherville, on the outskirts of Montreal, since 1971. All its services are concentrated there.

Bombardier East, Inc.

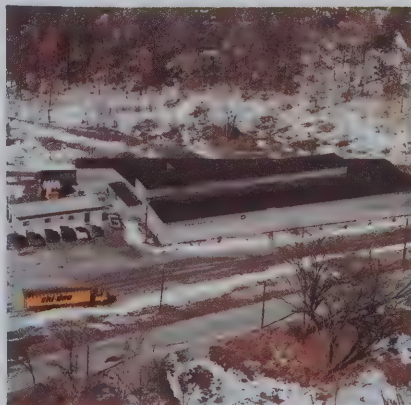
Bombardier East, Inc. has its offices in Lee, Massachusetts. This concern was formerly an independent distributor under the name Tri-State Power Sled Distributor Inc. and was acquired by Bombardier Limited in 1970. Its distributing territory includes the states of Massachusetts, Connecticut and Rhode Island.

Bombardier (Ontario) Ltd.

In 1966, Bombardier Limited took in hand the distribution of its products in Ontario. In order to offer a better service to customers and dealers, it was decided that same year to move the offices south from North Bay to Barrie. Bombardier (Ontario) Ltd. was incorporated in 1968. The following year the company moved into new premises with a floor area in excess of 50,000 sq. ft.



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Bombardier West, Inc.

In 1971, the four distributors serving the West of the United States were merged to form one distribution subsidiary under the name of Bombardier West, Inc.

The subsidiary has its Head Office in Idaho Falls, Idaho, and serves 13 Western States of the United States.

MS Distribution (1971) Ltd.

MS Distribution (1971) Ltd. assures the distribution of Moto-Ski and Moto-Skeeter products to dealers in Quebec. The assets of this company were acquired in March 1971, at the same time as those of Les Industries Bouchard Inc. The Head Office is in St-Hyacinthe, Quebec.

Performance Products Inc.

Bombardier Limited acquired control of this concern in December, 1970. Its offices are situated in Virginia, Minnesota.

Performance Products Inc. specializes principally in researching and marketing snowmobile oils and lubricants, and also offers company distributors a technical information service on the use, repair and servicing of high performance vehicles.



1. The warehouse. This building houses the traffic department.
2. The offices of Bombardier West, Inc.
3. The Offices of MS Distribution (1971) Ltd. This subsidiary distributes Moto-Ski products in Quebec and is situated in St-Hyacinthe.
4. The premises of Performance Products Inc., a subsidiary specializing in studying and marketing snowmobile oils and lubricants.

RESEARCH



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Research has a vital role to play at Bombardier and as a result it constitutes one of the most important sectors of the Company's activities.

A considerable part of the Company's annual budget is set aside for the technical improvement of its products and for new product development. In all our laboratories, whether run by the divisions or manufacturing subsidiaries, teams of engineers, technicians and chemists are continually working to improve the quality of Company products.

The nature of the research work varies according to the type of product manufactured by the subsidiary or division concerned.

In the Industrial Division, the divisional engineers are particularly concerned with the special problems faced by heavy all-terrain vehicles, such as performance under a wide variety of temperature and ground conditions, flotation, and versatility.

In the manufacturing subsidiaries,

the first concern is the testing of raw materials and finished products as well as the study of material best suited to the make-up and manufacture of parts.

For its part, the Apparel and Accessories Division gives most attention to testing various materials and determining the degree of resistance they offer to water, wind and cold, as well as their durability and cleaning characteristics.

In the Rotax, Moto-Ski and Ski-Doo Division research centers, efforts are mainly oriented towards noise-level studies and research on fuels, pollution, vehicle performance and resistance to wear.

The Company has also entered into agreements with government and private research agencies. Through its engineers, it participates in important seminars and conferences on technical and commercial research. Moreover, as a member of the International Snowmobile Industry Association, it subsidizes research programs on noise, pollution and the effects of the snowmobile on the environment and health.

Research is not, however, limited to laboratory testing. In order to keep the public informed, the Company publishes brochures and folders, and produces films and slides on snowmobile safety, the establishment and maintenance of trails, the ecology and other relevant subjects, basing its arguments on information compiled by experts. Studies are also carried out on consumer preferences and needs.

To sum up, the Company conducts a research and information program



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which is truly in keeping with its stature.

1. The laboratories and the design center, Ski-Doo Division, Valcourt.

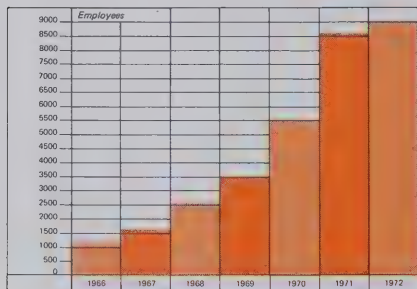
2. Ski-Doo Division's Research and Competition Center in Valcourt.

3. A prototype of the MTT model Muskeg. This tractor can carry a working load of 30,000 pounds and has been specially designed for off-road transportation.



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BOMBARDIER'S SOCIAL POLICIES



Human relations at Bombardier are based on respect for the individual, and a desire to let him express his personality through full participation in the Company objectives. As an employer, the Company is concerned with maintaining the harmony and understanding which exist within its organization, and its working relations programs all have this purpose in mind.

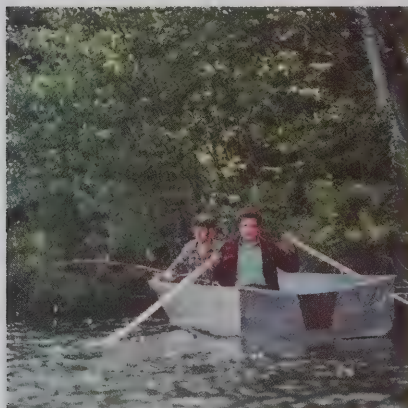
The employees benefit from one of the industry's most generous salary and social welfare programs. A system of delegates from internal human relations organizations enables them to exchange views with the management on subjects of common concern. A monthly review published specially for employees keeps them informed about all Company activities, from management intentions to social events. A range of services is available for them to develop their qualifications both technically and professionally. In addition to this, the Com-

pany organizes a wide range of recreational services for their leisure time.

Through its policy of continuing improvement, Bombardier Limited intends to maintain its leadership in the snowmobile industry and also in the field of rubber-tracked industrial vehicles. The Company will assume the social responsibilities inherent in this position and, through its subsidiaries and divisions, aims to win a leading place for itself in many other sectors of industry.

1. Two employees trying their luck at Lake Larouche, about 10 miles from Valcourt. Bombardier Limited developed this magnificent site specially for Company employees.

2. The Valcourt arena : home of a wide variety of sports in all seasons. The arena was built by the Company for its employees and for the residents of Valcourt.



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**BOMBARDIER
LIMITED**

File



ANNUAL REPORT

year ended
January 31, 1973



**TRUSTEE AND REGISTRAR FOR
SERIES A DEBENTURE HOLDERS**

The Royal Trust Company
Montreal, Que.

The registers are kept at the offices
in Halifax, Quebec, Montreal, Toronto,
Winnipeg and Vancouver.

**REGISTRAR, TRANSFER AGENT AND
DIVIDEND DISBURSING AGENT**

Montreal Trust Company—Halifax,
Quebec, Montreal, Toronto, Winnipeg,
Calgary and Vancouver.

STOCK EXCHANGE LISTINGS

Montreal, Toronto

Ski-Doo, Moto-Ski, Skidozer, Muskeg,
Can-Am, Runyband and others are
trademarks of Bombardier Limited or
subsidiaries.

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Bombardier Limited, 1973.

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Québec, Canada.*

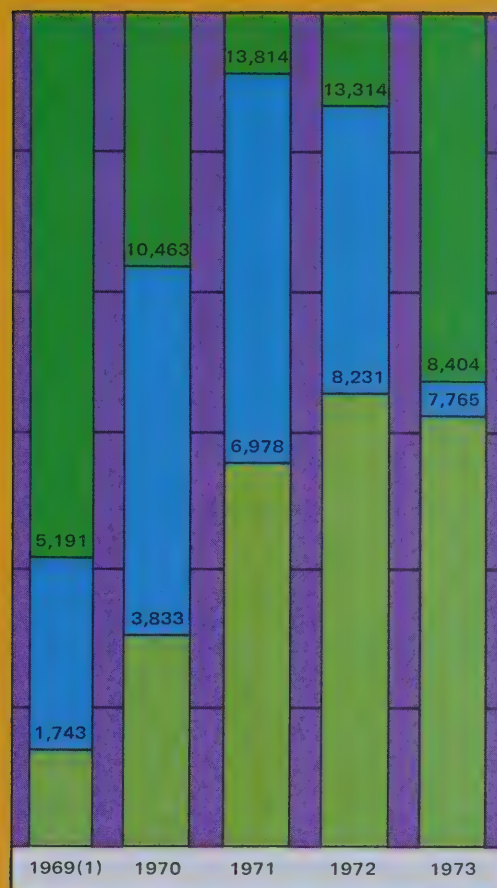
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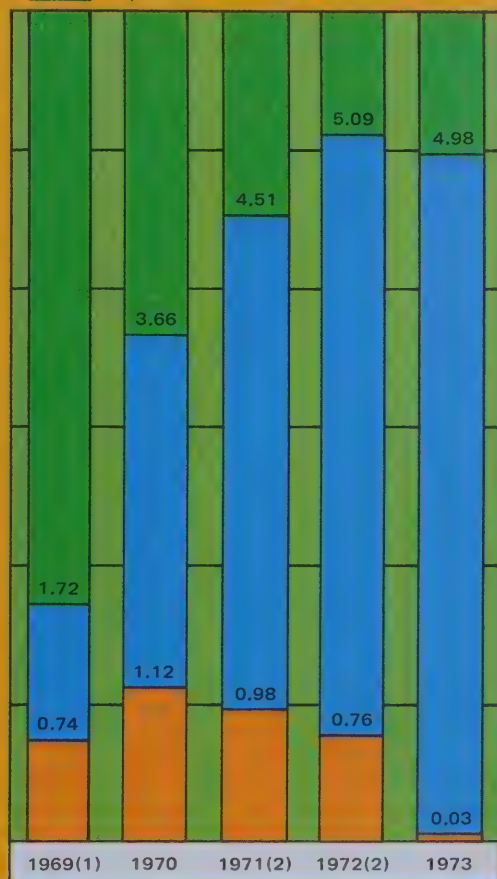
Highlights

FINANCIAL HIGHLIGHTS

	Financial year ended January 31, 1973	Financial year ended January 31, 1972
Net sales	\$150,785,591	\$182,974,808
Net earnings	547,897	12,077,204
Additions to fixed assets and patents, net of disposals	7,764,632	13,313,975
Taxes on income	2,855,217	14,063,444
Depreciation of fixed assets, amortization of patents and long term debt financing expense	8,403,733	8,230,615
Net earnings per common share	\$0.03	\$0.76
Number of common shares outstanding	15,900,000	15,900,000
Shareholders of record	5,305	5,111
Dividends per class "A" common share	\$0.60	\$0.60
Dividends per class "B" common share	\$0.05	\$0.10
Working capital	\$ 39,365,242	\$ 40,905,275
Net book value of fixed assets	34,869,138	35,152,564



Capital expenditures (thousands of dollars)
Depreciation

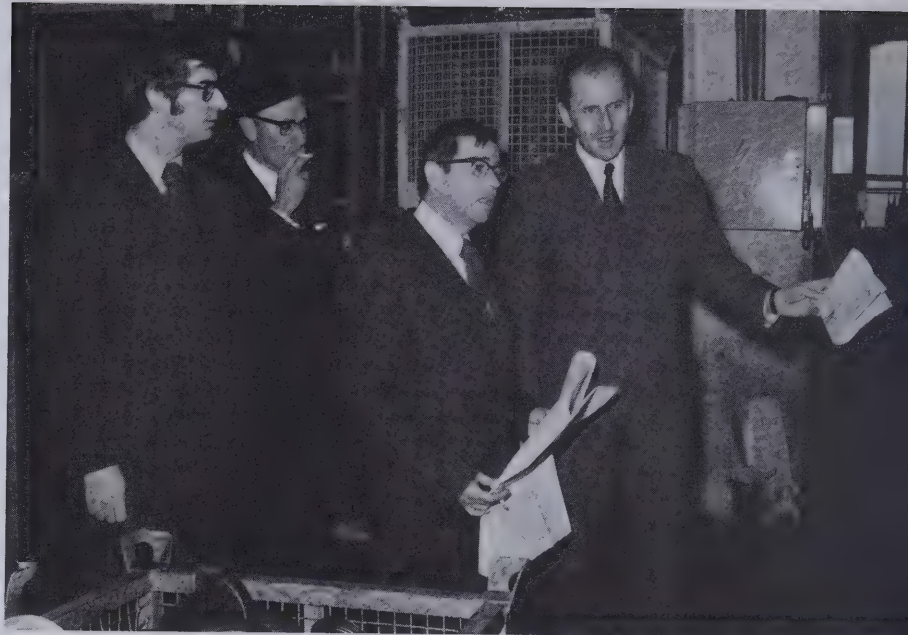


Net book value per share (in dollars)
Earnings per share (in dollars)

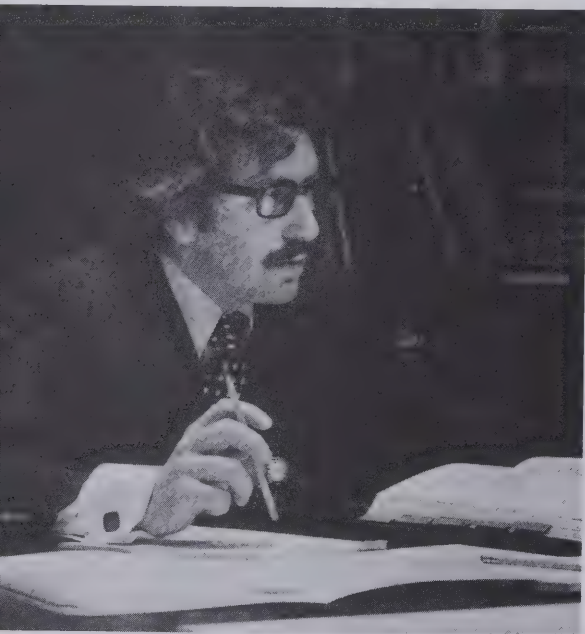
(1) 10 months (2) Restated figure



Laurent Beaudoin, President and Chief Executive Officer.



Charles Leblanc (2nd from right), Executive Vice-President.



André Bombardier, Assistant to the President.



Pierre Poitras (1st from left) Vice-President, Finance.



Jean-Paul Gagnon, President of the Moto-Ski Division.



Jean-Louis Fontaine (2nd from right) Vice-President, Manufacturing Subsidiaries.

The snowmobile industry

Among the various problems faced by the snowmobile industry, the principal concern is that of over-production. The number of manufacturers has increased considerably since 1968. Despite the difficulties of last year, major recreational product manufacturers vied for the snowmobile market, mainly because of the growth of the leisure industry and of encouraging forecasts for the years ahead.

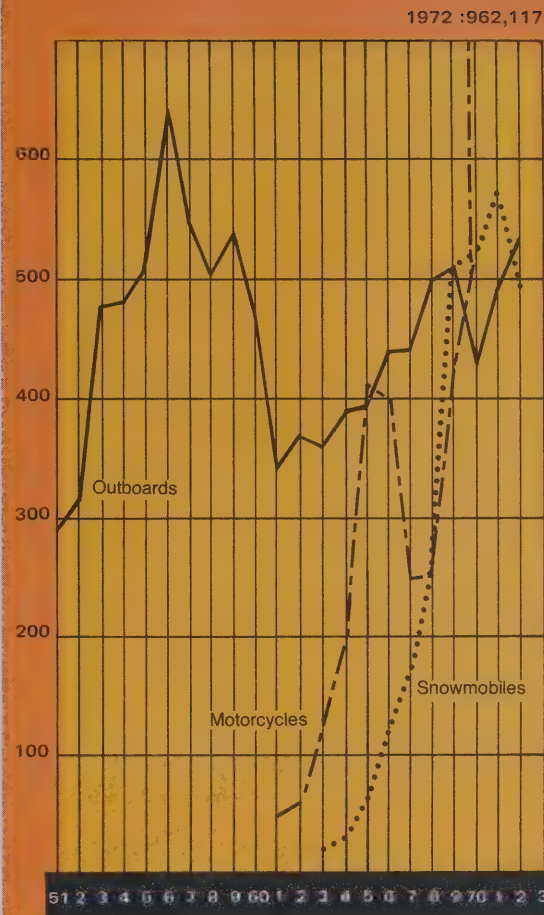
The increased number of manufacturers coupled with optimistic forecasting in the demand for new vehicles led to excessive stocks. Consequently, particularly in the last two years, the industry has had serious inventory problems, compounded this year by abnormal fluctuations in the retail prices due to stock liquidations. To reduce their inventory, several manufacturers, including those who have withdrawn from the industry, disposed of their products at a reduction, creating a serious price disruption.

The sale of second-hand vehicles has also contributed to the increase in inventories. According to our estimates, some 165,000 of these vehicles had been sold in 1971/72 and some 240,000 were sold in 1972/73. It is expected that a like number will be sold next year, however, the situation should improve by 1974.

These factors and others, such as the environmentalists' declarations against snowmobiles and publicity on the possibilities of pollution have had their impact on the sale of new vehicles. Sales have decreased this year and we can expect a similar situation next year. The industry estimates that some 450,000 new vehicles have been sold: however, total sales of new and used vehicles have been constant, an indication, in the face of the difficulties encountered, of continued interest in the product and in the sport.

It is now evident that the era of great expansion has passed. The growth of the snowmobile industry will depend henceforth on several factors, such as innovation, greater share of the rural market, increased sales in urban areas—a market more difficult to penetrate than had been forecast. The industry will also have to increase its education programmes for snowmobilers, develop more trails and encourage the organization of additional snowmobile clubs.

Success in these objectives, together with new sales techniques to decrease inventories and to compete successfully with sales of second-hand vehicles, should stabilize market prospects within the next two years. An increase in the demand for new vehicles and an annual growth rate for the industry equivalent to that of similar industries can be foreseen.



Comparative sales curves for recreational vehicles.



The Snoplan

Although the industry is passing through a difficult period, the sport of snowmobiling has been enhanced through the introduction, by Bombardier, of the Snoplan during the winter of 1971/72. The aim of this program is to promote the construction and maintenance of thousands of miles of safe, enjoyable trails. It also undertakes to ensure the protection of the environment and the respect of property and rights of others.

Studies have proven that, wherever clubs have used trails, damage to property and plant life has been minimal. Equally important is that Snoplan has contributed to the notable decrease in fatal accidents. In some states and provinces, the decrease is as high as 50 per cent despite the larger number of snowmobiles in use, as is the case in Quebec. Further, the risks having now decreased, in part because of our programme, the information media is more favourable in its comments on snowmobiling.

To evaluate the impact of Snoplan on the development of snowmobiling in North America, we originally concentrated our efforts in Quebec, where results were very encouraging. Within the province, there are now more than 450 clubs, including 250 fully organized. The Quebec Ministry of Transport estimates that there are approximately 8,000 miles of trails in the Province. Of this number, 6,300 are marked trails built in accordance with safety standards and for which clubs have obtained legal rights of passage.

The team responsible for Snoplan has conducted a survey of 14 clubs which had joined the programme at its inception. Findings



The Skidozer trail groomer, designed, manufactured and distributed by the Industrial Division. During the past winter, there were 87 of these units in operation in Quebec alone.

indicate that over the last two years, the number of members has more than doubled and the same applies to the number of miles of developed trails.

This past winter, we have promoted the programme to a greater extent in the other Canadian provinces and in the United States. The team is compiling additional data and we are confident that the programme will be as successful as it is in Quebec.

All states and provinces now have snowmobile regulations. Some governments, including that of Quebec, provide clubs with grants for the maintenance of trails, trail signs, operators' schools and for other purposes.

This programme, which was initiated and financed by us, is now considered by several manufacturers and associations as the solution regarding the future of this sport. We look forward to a close and positive cooperation with them and with interested governments.

In addition to the Snoplan the Company continues to collaborate in youth education programmes concerning the handling and use of snowmobiles in cooperation with various youth associations such as the 4-H clubs.

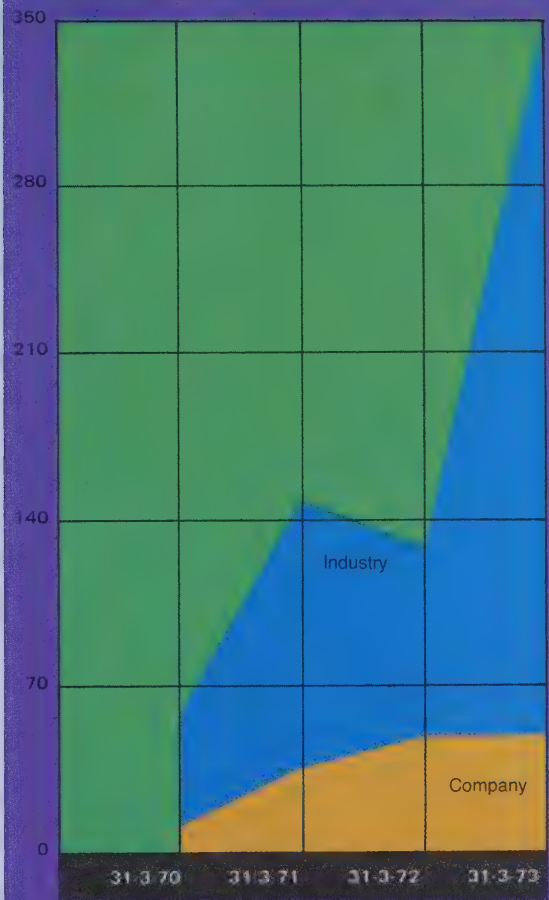
The Company

Unlike most of the other manufacturers, Bombardier had forecast a lower demand, thus our snowmobile divisions decreased production in 1972 while still taking into account the need to maintain their share of market. This was a sound decision for, unlike other manufacturers, our total inventory at manufacturer, distributor and dealer levels has not increased this year. It represents only 14 per cent of the total inventory for the industry. It should be pointed out here that the Ski-Doo Division has reached its objective of maintaining its share of the total market. The Company, like other snowmobile manufacturers, has had its difficulties this year. Our net consolidated sales are lower than those of last year, that is \$150,785,591 compared to \$182,974,808; and net consolidated earnings are sharply lower, \$547,897 compared to \$12,077,204.

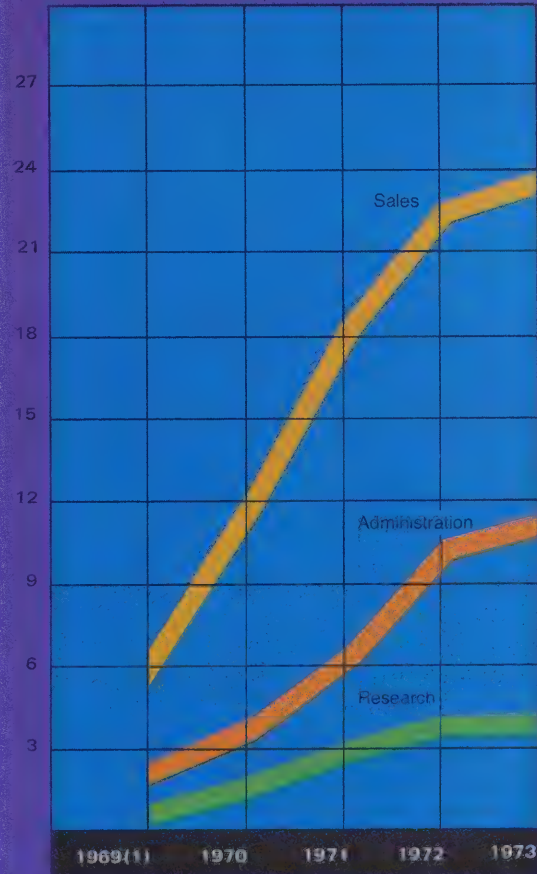
Anticipating a decrease in stocks and looking forward to an eventual increase in sales within the industry, we did not modify indirect costs.

For marketing, we committed the same level of expenditures to reaffirm the leadership held jointly by our two snowmobile divisions: this objective has been reached. We have changed our marketing policies to meet the requirements of the consumer and to acquire a more important share of the replacement market: this objective has also been met.

Our snowmobile divisions have introduced several technical changes to improve the performance of their machines, to make them safer and more functional and to lower maintenance costs.



Snowmobile Industry Inventory (in thousands)



Expenses (millions of dollars)
(1) 10 months



The 1974 Ski-Doo T'NT Free Air snowmobile model.



The 1973 Moto-Ski "F" snowmobile model.

The Ski-Doo Division has continued its policy of innovation and marketed a new model in its series of performance vehicles, the T'NT Free Air. Sales have been encouraging and the forecast is that they will continue to grow this year. The division has also built a completely new type of snowmobile, the Elite, a two-seater, side by side, with the engine in the rear. It has been successful and the forecasts for 1973 are reassuring. The Moto-Ski Division has developed two new series, S and F, the first for the sportsman, the second for the family. The latter has been particularly well-received and performance has been excellent.

The introduction of the above-mentioned vehicles was not without difficulty. Our snowmobile divisions have had to face some technical problems which have now been resolved and which will contribute to improve their marketing position next year. Beyond those innovations, to meet government standards, the Company this year has had to maintain its investment in research on noise, oils, safety features and the effects of snowmobiles on top soil.

We believed that the re-organization of the Moto-Ski Division in 1971 would bear fruit this year. However, manufacturing costs and the development of new models proved more expensive than had been forecast. At the same time the network of distribution, less structured than that of the Ski-Doo Division, showed some weaknesses which contributed in the decrease in gross figures. Thus, the Moto-Ski Division shows a loss for the second year and, in spite of new measures, it is improbable that it will reach the break-even point next year.

(Continued page 19)



The new side by side two-seater Ski-Doo model, the Elite.



**BOMBARDIER
LIMITED
and its
Subsidiaries**

**CONSOLIDATED
FINANCIAL
STATEMENTS**

**year ended
January 31, 1973**

BOMBARDIER LIMITED and its Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS AND
RETAINED EARNINGS
year ended January 31, 1973 (with comparative figures for 1972)

CONSOLIDATED STATEMENT OF EARNINGS

	1973	1972
Net sales	\$150,785,591	\$182,974,808
Cost of sales	99,415,873	112,583,368
Selling and administrative expenses	34,083,475	32,925,814
Depreciation of fixed assets, amortization of patents and long term debt financing expense	8,403,733	8,230,615
Interest on long term debt	2,215,945	1,495,234
Other expenses	3,726,061	3,867,264
	<u>147,845,087</u>	<u>159,102,295</u>
Investment and other income	1,455,023	1,331,412
	<u>146,390,064</u>	<u>157,770,883</u>
Earnings before taxes on income, minority shareholders' interest and extraordinary items	4,395,527	25,203,925
Minority shareholders' interest in subsidiaries' net loss	5,816	61,505
Taxes on income	2,855,217	14,063,444
Deferred taxes on income	1,151,777	(408,466)
Net earnings before extraordinary items	394,349	11,610,452
Profit on sales of fixed assets and investments	153,548	116,752
Income from transaction other than regular operations	—	350,000
Net earnings	<u>\$ 547,897</u>	<u>\$ 12,077,204</u>
Class A and class B per share earnings		
Before extraordinary items	2.5¢	73 ¢
Net earnings	3.4¢	75.9¢

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1973	1972
Balance at beginning of year	\$ 63,319,278	\$54,089,040
Net earnings	547,897	12,077,204
Contributed surplus (Note 16)	139,468	422,319
Excess of book value of shares in a 50% owned company over their cost at acquisition date of a controlling interest	75,323	—
	<u>64,081,966</u>	<u>66,588,563</u>
Dividends		
Class A shares	1,740,000	1,740,000
Class B shares	650,000	1,300,000
Preferred shares of a subsidiary company	83,004	116,580
Additional taxes on income for year 1971	428,156	—
Subsidiary's share in the deficit of a 50% owned company at acquisition date of a controlling interest	—	112,705
Balance at end of year	<u>\$ 61,180,806</u>	<u>\$ 63,319,278</u>

BOMBARDIER LIMITED and its Subsidiaries
CONSOLIDATED STATEMENT OF SOURCE AND
APPLICATION OF WORKING CAPITAL
year ended January 31, 1973 (with comparative figures for 1972)

	1973	1972
Source of funds		
Net earnings	\$ 547,897	\$ 12,077,204
Depreciation of fixed assets, amortization of patents and long term debt financing expense	8,403,733	8,230,615
Funds derived from operations	8,951,630	20,307,819
Increase in long term debt	780,871	19,958,945
Governments' grants	185,123	370,932
Increase in provision for severance pay and pension costs to employees of a subsidiary company	138,228	75,665
Decrease in mortgages and other non-current receivables	26,534	38,188
Working capital (deficiency) of new subsidiaries at acquisition date of a controlling interest	10,269	(248,372)
Other	94,375	(93,363)
	<u>10,187,030</u>	<u>40,409,814</u>
Application of funds		
Minority shareholders' interest in subsidiaries' net loss	5,816	61,505
Additions to fixed assets and patents, net of disposals	7,764,632	13,313,975
Purchases of investments	25,902	35,856
Purchases of consolidated subsidiaries' shares	1,029,553	412,061
Dividends	2,473,004	3,156,580
Additional taxes on income	428,156	—
Goodwill paid upon acquisition of assets	—	2,928,557
Long term debt financing expense	—	571,482
	<u>11,727,063</u>	<u>20,480,016</u>
(Decrease) Increase in working capital	<u>(1,540,033)</u>	<u>19,929,798</u>
Working capital at beginning of year	40,905,275	20,975,477
Working capital at end of year	<u>\$ 39,365,242</u>	<u>\$ 40,905,275</u>

BOMBARDIER LIMITED and its Subsidiaries
CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1973
(with comparative figures for 1972)

Assets

	1973	1972
Current assets		
Cash	\$ 3,593,047	\$ 7,169,559
Accounts receivable	14,904,271	15,172,840
Inventories (Note 2)	47,575,423	43,185,659
Prepaid expenses	1,685,682	1,128,481
Taxes on income	6,188,377	453,082
	<u>73,946,800</u>	<u>67,109,621</u>
Investments		
Shares of other companies	44,830	27,920
Marketable securities at cost (Market value—1973: \$639,500; 1972: \$657,132)	350,781	340,189
Mortgages and other non-current receivables (Note 3)	253,433	319,889
50% owned company	—	240,500
	<u>649,044</u>	<u>928,498</u>
Fixed assets		
Land, buildings, equipment, aircraft and miscellaneous, less accumulated depreciation (Note 4)	34,869,138	35,152,564
Other assets		
Patents, less accumulated amortization (Note 5)	945,125	440,752
Unamortized long term debt financing expense (Note 6)	526,201	554,773
Other assets	29,446	93,853
Goodwill (Note 7)	2,902,035	2,928,557
Excess of cost of shares of subsidiary companies over book value of their net assets, at dates of acquisition (Note 7)	25,886,342	25,464,797
	<u>30,289,149</u>	<u>29,482,732</u>
	<u>\$139,754,131</u>	<u>\$132,673,415</u>

On behalf of the Board

Laurent Beaudoin, C.A.

Pierre Poitras, C.A.

Liabilities

	1973	1972
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,616,090	\$ 15,522,523
Bank loans (Note 8)	19,437,450	6,418,150
Warranty provision (Note 1b)	1,673,735	1,516,763
Provision for conditional discounts on sales	—	1,595,083
Deferred taxes on income (Note 9)	312,812	(838,965)
Dividends payable (Note 10)	435,000	435,000
Long term debt due within one year (Note 11)	1,106,471	1,555,792
	<u>34,581,558</u>	<u>26,204,346</u>
 Long term debt (Note 11)	 <u>23,808,862</u>	 <u>22,812,845</u>
 Provision for severance pay and pension costs	 <u>654,505</u>	 <u>516,277</u>
 Minority shareholders' interest in subsidiary companies (Note 12)	 <u>1,487,467</u>	 <u>1,779,736</u>
 Shareholders' equity		
Capital stock (Note 13)	18,040,933	18,040,933
Retained earnings	61,180,806	63,319,278
	<u>79,221,739</u>	<u>81,360,211</u>
	<u>\$139,754,131</u>	<u>\$132,673,415</u>
Contingent liabilities and commitments (Note 17)		

BOMBARDIER LIMITED

and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended January 31, 1973

1. Basis of consolidation

a) The consolidated financial statements include the accounts of the Company and all its subsidiaries. The accounts of foreign subsidiaries have been converted to Canadian dollars as follows:

- Current assets and current liabilities, at exchange rates in effect as at January 31, 1973
- Fixed assets, investments, long term debt and other non-current liabilities, at historical rates of exchange
- Accumulated depreciation or amortization, on the basis of the equivalent Canadian dollar cost of the related fixed assets
- Revenue and expenditure accounts, except depreciation or amortization, at the average rates of exchange during the year.

b) The financial statements for the year ended January 31, 1972 have been restated to facilitate the comparison with the 1973 figures.

2. Inventories

Inventories are valued at the lower of cost or net realizable value and consist of the following:

Raw materials		\$18,663,971
Products in process		3,152,650
Finished products		
Vehicles	\$10,752,288	
Parts	13,611,089	
Other	1,395,425	25,758,802
		<u>\$47,575,423</u>

Following a lawsuit against the Company, in a U.S. District Court, a preliminary injunction prohibits the Company from distributing mini-bikes manufactured by an Italian company. Said injunction is valid until September 1, 1973. These inventories are included in the above-mentioned figures and are valued at \$416,951.

3. Mortgages and other non-current receivables

Mortgages receivable	\$ 79,623
Notes receivable	71,412
Instalment sales receivables	40,933
Grant receivable	11,465
Long term loan	50,000
	<u>\$ 253,433</u>

4. Fixed assets

	Cost	Accumulated depreciation	Net book value
Land	\$ 2,499,187		\$ 2,499,187
Buildings	23,069,353	\$ 5,215,785	17,853,568
Equipment	39,577,097	26,037,118	13,539,979
Aircraft	1,872,716	1,786,837	85,879
Other	1,362,142	471,617	890,525
	<u>\$ 68,380,495</u>	<u>\$ 33,511,357</u>	<u>\$ 34,869,138</u>

Patents are valued at cost and the amortization thereon is included in the Consolidated Statement of Earnings under "Depreciation". Each patent is amortized over its life.

Cost		\$ 1,423,355
Accumulated amortization January 31, 1972	\$ 389,683	
Amount charged to operations	88,547	
January 31, 1973		478,230
Book value		\$ 945,125

Financing expense is amortized over the term of the debentures issue and the amortization charged to operations is shown in the Consolidated Statement of Earnings under "Depreciation"

Unamortized balance at January 31, 1972	\$ 554,773
Amount charged to operations	28,572
Unamortized balance at January 31, 1973	\$ 526,201

These amounts relate to acquisitions by the Company of subsidiaries' shares and of net assets by one of its subsidiaries, during the 1970, 1971, 1972 and 1973 financial years.

No amortization has been written-off against Consolidated Earnings and Consolidated Retained Earnings since January 31, 1969.

The bank loans outstanding at the balance sheet date are secured as follows:

General assignment of book debts given by the Company and certain subsidiaries	\$ 5,566,536
General assignment of inventories given by certain subsidiaries	18,365,239
Floating charge given by one subsidiary	460,771

Deferred taxes on income relate to expenses deducted in reported profits in periods other than those in which they are included in the calculation of taxable income.

During the year, the Company has declared four 15¢ dividends on its class A Common Shares and a dividend of 5¢ on its class B Common Shares. The Dividend payable March 15, 1973 was declared on January 29, 1973 and relates to class A Common Shares.

Bombardier Limited

9% Debentures Series A, maturing July 1, 1981 (for which the annual mandatory sinking fund requirements are \$150,000 from 1973 to 1975 and \$450,000 from 1976 to 1980)	\$ 9,850,000
9 3/8% Debentures Series A, maturing July 1, 1991 (for which the annual mandatory sinking fund requirements are \$100,000 from 1973 to 1975, \$200,000 from 1976 to 1981 and \$500,000 from 1982 to 1990)	9,900,000

5. Patents

6. Unamortized long term debt financing expense

7. Goodwill and excess of cost of shares of subsidiary companies over book value of their net assets, at dates of acquisition

8. Bank loans

9. Deferred taxes on income

10. Dividends

11. Long term debt

11. Long term debt (continued)

Mortgages payable	
9%, payable by monthly instalments of \$20,127 each, including principal and interest, maturing in 1980. Secured by fixed assets having a book value of \$1,845,490	1,361,804
9%, five-year period, refundable on a 20 year basis by monthly instalments of \$1,334 each, including principal and interest. Secured by fixed assets having a book value of \$233,327	150,000
9% and 8 1/2%, payable by monthly instalments of \$136 and \$133, including principal and interest, maturing in 1995 and 1994 respectively. Secured by fixed assets having a book value of \$36,236	32,149
Non-interest bearing notes, payable February 1, 1973	129,300
4% Note, payable by annual instalments maturing February 15 from 1973 to 1977 inclusive	74,326
6% Note, payable by annual instalments of \$100,000 each, maturing July 5, from 1973 to 1976 inclusive	400,000
Bombardier (Quebec) Ltd.	
9 3/4% Mortgage, payable by monthly instalments of \$9,080 each, including principal and interest, maturing in 1981. Secured by fixed assets having a book value of \$732,744	644,396
Bombardier West, Inc.	
7 1/2% Mortgage, payable by monthly instalments of \$2,493 each, including principal and interest, maturing in 1982. Secured by fixed assets having a book value of \$305,123	199,699
Rockland Industries Ltd.	
Non-interest bearing note payable by irregular annual instalments, maturing in 1978	435,000
Moto-Ski Limited	
12 1/2% First Mortgage Bonds, maturing \$300,000 January 15, 1974 and 1975 and \$150,000 January 15, 1976. Secured by a floating charge upon assets having a book value of \$21,493,265	750,000
Performance Products, Inc.	
Mortgage payable by monthly instalments, maturing in 1977. Secured by fixed assets having a book value of \$204,309	187,557
Ville-Marie Upholstering Ltd.	
10% Mortgage, payable by monthly instalments of \$3,276 each, including principal and interest, maturing February 1, 1976. Secured by fixed assets having a book value of \$475,092	224,086
Walker Manufacturing Co. Ltd.	
8 1/2% Mortgage, payable by monthly instalments of \$7,392 each, including principal and interest, maturing June 1, 1977. Secured by fixed assets having a book value of \$805,862	577,016
	24,915,333
Amount due within one year	1,106,471
	<u>\$ 23,808,862</u>

Under the terms of the Trust Indenture signed at the date of issue of the Series A Debentures, said debentures are secured by a floating charge upon the undertaking and all property and assets, both present and future, of the Company in Canada.

The repayment requirements on the consolidated long term debt of the Company and its subsidiaries during the next five financial years are as follows:

1974	\$ 1,106,471
1975	989,631
1976	869,116
1977	1,287,476
1978	1,364,604

Preferred Shares

Jarry Precision Ltd.

11,443 Preferred Shares with a par value of \$100 each, 7% non-cumulative, redeemable at \$100 (Note 17 c) \$ 1,144,300

Ski-Doo Sports Ltd.

30 Preferred Shares with a par value of \$100 each, 6% non-cumulative, redeemable at \$100 (Note 18 c) 3,000

Walker Manufacturing Co. Ltd.

3,600 Preferred Shares with a par value of \$1 each, 6% non-cumulative, redeemable at \$1 (Note 18 d) 3,600

1,150,900

Common Shares and Retained Earnings 336,567

\$ 1,487,467

12. Minority shareholders' interest in subsidiary companies

The capital stock of the Company is as follows:

Authorized

25,000,000 Class A Common Shares, without nominal or par value

13,000,000 Class B Common Shares, without nominal or par value

Issued and fully paid

2,900,000 Class A Common Shares \$18,005,458

13,000,000 Class B Common Shares 35,475

\$18,040,933

13. Capital Stock

There have been no changes in the outstanding capital stock of the Company during the year. The changes made after the end of the year are explained in note 18 (f).

No dividends may be declared on the Class B Common Shares unless, during the then current financial year of the Company, at least an equivalent per share dividend shall have been declared on the class A Common Shares. Each Class B Common Share is convertible, at the option of the holder, into one Class A Common Share and 13,000,000 Class A Common Shares have been reserved for such purpose. In all other respects the two classes of shares have the same rights and attributes.

Under the terms of the Trust Indenture referred to in note 11, the Company will not declare or pay any dividends (except stock dividends), or redeem or otherwise retire any of its shares (except from the proceeds of a substantially contemporaneous issue of shares), unless after giving effect thereto the sum of:

(i) the aggregate amount of all dividends declared or paid after January 31, 1970; and

(ii) the excess, if any, of the aggregate amount applied after January 31, 1970 to the redemption or retirement of shares of the Company over the aggregate amount received by the Company after such date as the net proceeds of the issue of shares, including the fair value, as determined by the directors of the Company, of any proceeds other than cash and the principal amount of any indebtedness of the Company converted into shares;

will not exceed the Consolidated Net Income of the Company and its Restricted Subsidiaries earned subsequent to January 31, 1970.

14. Dividends and Capital Repayments Covenant

The aggregate remuneration paid by the Company and its subsidiaries to 8 directors and 18 senior officers, 7 of whom are also directors, during the year ended January 31, 1973 was as follows:

Directors \$ 2,600

Senior officers 669,935

\$672,535

15. Remuneration of directors and senior officers

The corresponding remuneration for the year ended January 31, 1972 was \$550,410.

16. Contributed surplus

Surplus arising from investment premiums granted by the Department of Industry and Commerce of Quebec under the Regional Industrial Development Assistance Act, and by the Department of Regional Economic Expansion under the Regional Development Incentives Act.

17. Contingent liabilities and commitments

a) The Company and its subsidiaries have leases of real property for varying terms up to a maximum of 3 years. Total rental expense for the year ended January 31, 1973 aggregated \$365,628 and minimum yearly rentals for the next three years, will be: 1974—\$149,427; 1975—\$85,172; 1976—\$21,445.

b) Unrecorded commitments in respect of uncompleted capital expenditures and equipment on order amounted to approximately \$634,000 as at January 31, 1973.

c) The Company has entered into an agreement with the minority shareholders of its subsidiary Jarry Precision Ltd. for the redemption of their 11,443, 7% non-cumulative, preferred shares of \$100 each, at a price equal to 83% of the par value of said shares. Such agreement will require the following future payments:

February 1, 1973	\$406,500
February 1, 1974	543,318

d) (i) The Company is being sued in a U.S. District Court. It is alleged that Bombardier Limited knowingly and wilfully induced an Italian company to illegally terminate an exclusive distribution contract for the sale of mini-bikes in North America. The original claim is for an unspecified amount, plus \$500,000 U.S. in "punitive" damages.

On September 1, 1971, the Court issued a preliminary injunction which prohibits the Company and its subsidiaries from distributing said Italian-made mini-bikes. Said injunction is valid until September 1, 1973.

The Company believes it has defenses against the claim and will continue to present them to the Court. According to the Company's attorneys, no estimate of the outcome or of the extent of liability, if any, can be given at this time.

(ii) The Company has also been sued in a local Court of San Jose, California by its former distributor for California and Nevada, which alleges that the Company's failure to renew its distributorship contract on March 31, 1969, was a breach of that contract and also violated the American antitrust laws. The suit claims damages in the amount of \$522,000 U.S., plus an additional \$100,000 U.S. which could be trebled under the antitrust laws. The Company believes the claim to be without merit and is defending the suit.

(iii) The Company and one of its subsidiaries are being sued in a U.S. District Court for the District of Minnesota, by one of its subsidiaries' distributor. The claimant alleges breach of contract and interference with contract. The maximum amount of the claim appears to be \$3,500,000 U.S. plus an unspecified amount for alleged violation of the United States and Minnesota antitrust laws, which could be trebled under said antitrust laws. The Company believes the claim to be without merit and is defending the suit.

(iv) The Company is also defendant in other lawsuits the outcome of which should not materially affect its financial position.

e) In order to help its distribution network in the financing of new recreative vehicles inventories, the Company is a party to various floor plan programs and repurchase agreements with a number of financial institutions in Canada and in the United States of America. The maximum outstanding contingent liability of the Company in this respect approximated \$6,104,200 at January 31, 1973.

a) Under date of February 1, 1973 the Company has acquired 4,897 preferred shares from the minority shareholders of its subsidiary Jarry Precision Ltd. for the consideration mentioned in note 17 (c).

b) The Company has acquired 11 of the 20 outstanding shares in the capital stock of Heroux Limited, on February 9, 1973, for a cash consideration of \$350,000.

c) The Company has brought its interest in Ski-Doo Sports Ltd. to 100% by purchasing the 300 common shares and the 30 preferred shares held by a minority shareholder, on February 14, 1973, for a consideration of \$352,224 payable October 1, 1973, with interest at the rate of 6% per annum.

d) The Company has brought its interest in Walker Manufacturing Co. Ltd. to 100% by purchasing the 400 common shares and the 3,600 preferred shares held by a minority shareholder, on February 14, 1973, for a cash consideration of \$62,776.

e) Under the terms of an agreement dated January 6, 1973, between the Company and shareholders of Halvorson Incorporated (a Minnesota corporation), the Company has covenanted and agreed, either directly or through one of its subsidiaries, to either:

(i) acquire all the outstanding capital stock of Halvorson Incorporated

(ii) acquire certain assets and assume certain liabilities of that corporation, the contemplated Closing date being May 31, 1973 or such earlier or later date mutually agreed upon by the parties, with retroactive effect as at January 31, 1973.

Events subsequent to the date of completion of the financial statements of Bombardier Limited will determine the species and the amount of the consideration to be paid. According to the information we are aware of, the transaction will range between \$2,000,000 and \$2,500,000 U.S., payable either:

—in class A Common Shares of Bombardier Limited to be issued, if applicable, at \$6.75 per share in Canadian currency (quoted value as of January 31, 1973), or

—25% cash on Closing date and the balance in three annual equal instalments, maturing on the first through the third anniversaries of the date of Closing, with interest at the rate of 6.25% per year payable with each payment of principal.

f) Under date of February 15, 1973, 238,000 class B Common Shares of the issued capital stock of the Company have been converted to class A Common Shares.

18. Subsequent transactions

Auditors' Report

To the Shareholders of
Bombardier Limited:

We have examined the consolidated balance sheet of Bombardier Limited and its subsidiaries as at January 31, 1973 and the consolidated statements of earnings, retained earnings and source and application of working capital for the year then ended. Our examination of the financial statements of Bombardier Limited and its subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, based upon our examination and the reports of such other auditors, these financial statements present fairly the financial position of the companies as at January 31, 1973, the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Quebec, Canada
March 14, 1973.

Belanger, Dallaire, Lagnon & Associés

Chartered Accountants

(Continuation page 6)

Because of the present situation in the industry, we have, within the last few months, taken measures applicable to the whole Company to reduce fixed costs, improve the efficiency of current operations and maximize the potential of our equipment. Because of the quality of our research equipment and the efficiency of systems, we will reduce expenses in that sector. Further, we have decreased the forecast production for 1973 and are confident of having adjusted it to the conditions of the market.

To lower operation costs the decision was recently taken to close the Ski-Doo Division's Montreal warehouse and to use the existing services of our distributors in Canada and in the United States. We have also moved the marketing services to Valcourt to ensure better co-ordination for the Ski-Doo Division.

The Industrial Division

The Industrial Division has had an excellent year. Sales have increased almost 25 per cent over last year. Established as an autonomous division in 1969, it broke even this year mainly because of the marketing of new models of vehicles and of a better system of cost control.

In 1971 the division had introduced a maintenance vehicle for snowmobile and ski trails, the Skidozer trail groomer. The five model series is very successful and we hold an important share of the North American market. This year, about 25 per cent of the Division's total production, which increased over last year, was trail groomers.

The Industrial Division has marketed this year a new Muskeg



The MTT Muskeg carrier. The largest carrier manufactured to date by the Industrial Division, this all season, all terrain vehicle has a carrying capacity of 30,000 pounds.



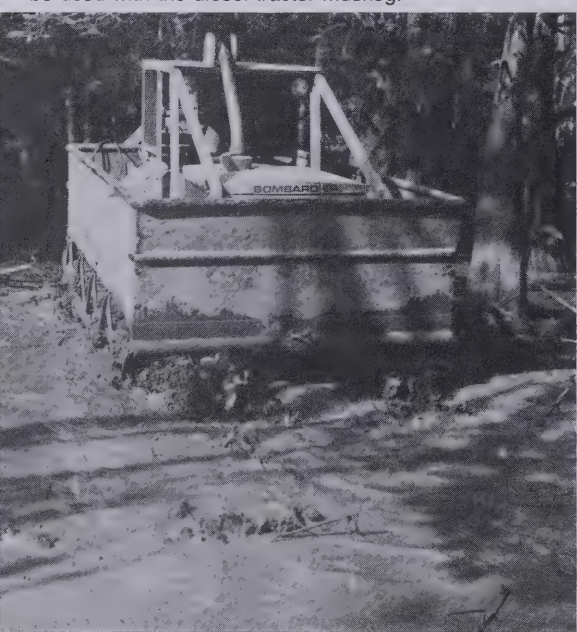
The Industrial Division stand at the World Forestry Vehicle Exhibition held in Buenos Aires, Argentina.



The Skidozer 501 trail groomer is designed for the maintenance of ski slopes.



The Brush Cutter. Available in 1973, this equipment will be used with the diesel tractor Muskeg.



The new Muskeg model designed for marshy, woodland use, the Jimmy Skidder.

model, the Jimmy Skidder, designed for marshy, woodland use. This vehicle has been well-received and we expect favourable sales in 1973.

The Division has also designed a new type of carrier. The largest manufactured to date by the Division, it has a carrying capacity of 30,000 pounds. Designed for all seasons and all types of ground conditions, the Muskeg MTT tracked vehicle has been built for large engineering projects such as that of James Bay. Because of its technical specifications and of the types of soil for which it has been conceived, it opens market possibilities not only in Canada but internationally.

Technological progress today offers not only advantages but it is also held responsible for several evils including that of environmental pollution. The protection of our environment is a foremost preoccupation of our research services. To this end, the engineers of the Industrial Division have designed a Brush Cutter. Available in 1973, the equipment will be used with the diesel Muskeg tractor, which has an excellent reputation of performance under difficult ground conditions. It is designed to control the growth of unwanted vegetation along railway and hydro-electric line rights-of-way. The use of chemical products to achieve the same end is now prohibited in several areas of Canada and the United States because of their destructive effects on flora and fauna. This new vehicle should prove a valuable tool for public utilities.

The Can-Am Division

Last fall, the Company created a new division which is known as the Can-Am Motorcycle Division. It manufactures high performance motocross and enduro type, 125cc and 175cc, motorcycle models. These vehicles are now available in Quebec and in the mid-western United States. The market for these types of motorcycles is in full development in North America. If results warrant, we will increase the number of models and enlarge the distribution next year.

The Can-Am Division is located in Valcourt. About 60 per cent of all parts are made by our subsidiaries and the vehicles are assembled in the Ski-Doo Division plant.

In races last summer, performance was excellent. The 125cc model won on several occasions, including the Canadian Motocross Junior Championship. A 125cc prototype with a water-cooled engine set a world speed record at Bonneville, Utah.

The new Can-Am motorcycles are equipped with rotary valve engines developed and manufactured by our Motor Division in Austria.



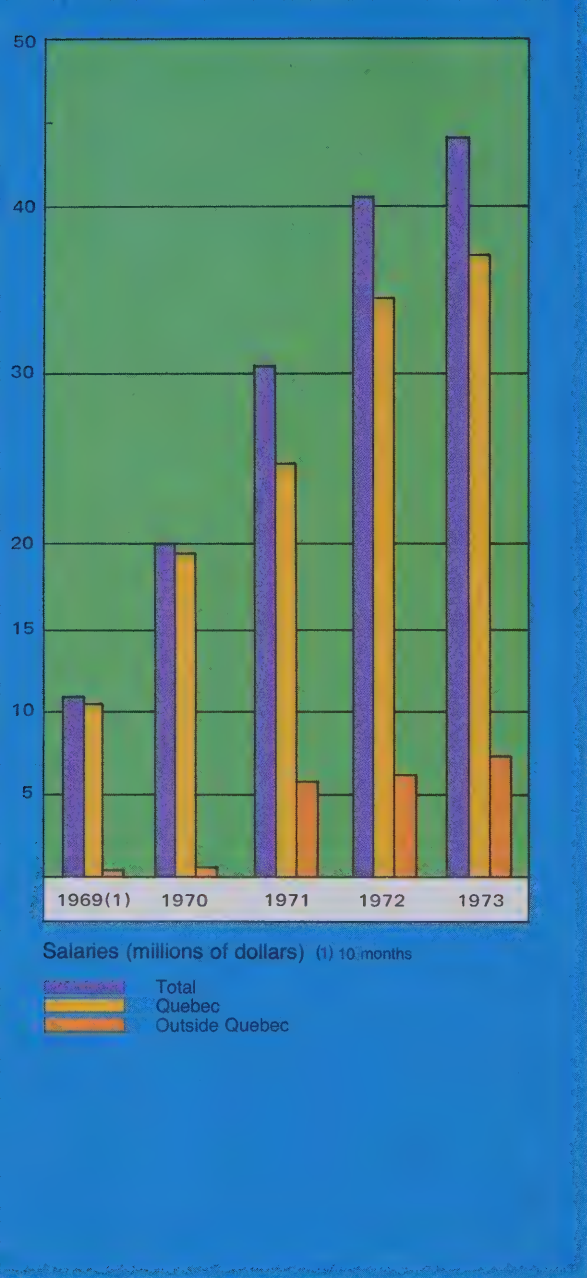
The assembly of tramways at the Vienna plant of the Motor Division.



The new Can-Am motorcycles as they come off the assembly line.



In races last summer, performance of our new Can-Am motorcycles was excellent.



The Motor Division

The GunsKirchen plant is busy developing other engine types. In the Vienna plant there has been an increase in the demand for tramways and orders ensure full-scale activity for the next two years. To centralize our activities overseas and to facilitate our transactions with the countries of Europe, Africa and Asia, we have established a sales and distribution service in the Vienna office.

Acquisitions and diversification

Our manufacturing subsidiary, Rockland Industries Ltd., has undertaken a new venture. It has entered the recap tire market and has, for the past several months, been manufacturing truck tire treads and the needed equipment for their baking. The process is known as Runyband and the patents have been bought by the Company. On February 9th, 1973, Bombardier Limited acquired the controlling interest of Heroux Limited, a company specializing in the design, manufacture, development, repair and maintenance for aerospace and industry. The company, located in Longueuil, Quebec, has additional facilities in St. John's, Quebec, and employs some 600 people. The acquisition of the controlling interest of this company is an investment and it offers possibilities in diversification. Heroux's reputation in the aircraft industry is sound and we are confident of the company's future growth.

The Company has also recently acquired the outstanding shares of Walker Manufacturing Co. Ltd., maker of children's outdoor



The Runyband bonding cage designed and manufactured at Rockland Industries Ltd.



The assembly of safety helmets at the Montreal plant of the Apparel Division. They are entirely manufactured by our manufacturing subsidiaries.

clothing, and of Ski-Doo Sports Ltd., distributor of snowmobile clothing and accessories.

We have also concluded a letter of intent with Halvorson Incorporated, Duluth, Minnesota, whereby we will acquire, within the next few weeks, that part of the company which sells and distributes our Ski-Doo and industrial products in the mid-west United States. It is one of our major distributors in that country. This purchase is made to improve the Company's position within the most important snowmobile sector of the American market. To lower operating costs and offer our dealers better service, we will merge Bombardier West, Inc.—which is now known as Bombardier Corporation—and Halvorson Incorporated into one marketing and distributing company which, upon ratification of the agreement, will keep the name of Bombardier Corporation.

To increase and diversify the production of our subsidiaries, we have recently created a new section, Technical Furnishings, with offices at Place Bonaventure, Montreal. Its first industrial exhibition, which was held in March and April of this year, was aimed at outlining the production capabilities of the manufacturing subsidiaries. In cooperation with design companies this section can offer original designs to those interested—furniture makers, designers, architects and buyers—thus stimulating Canadian design and enhancing the development in Canada of the plastic furnishings market. This market offers interesting possibilities because of the types of products manufactured by our subsidiaries and their production facilities.

In addition, the Company has developed for the snowmobiler and the motorcyclist a type of safety helmet which meets all government safety standards. Currently being marketed, the helmet is entirely manufactured by our subsidiaries.

SALES BY PROFIT CENTER (thousands of dollars)

	1969 (1)	1970	1971	1972	1973
Ski-Doo products	84 200	135 600	149 900	140 000	107 800
Moto-Ski products	—	—	—	26 300	23 400
Industrial products	4 600	5 900	5 800	6 500	8 100
Products of manufacturing subsidiaries	13 500	20 200	61 600	56 700	56 900
Total	102 300	161 700	217 300	229 500	196 200
Inter-division sales	13 400	20 000	52 400	46 600	45 400
Net consolidated sales	88 900	141 700	164 900	182 900	150 800

NET (LOSS) EARNINGS BY PROFIT CENTER (thousands of dollars)

	1969 (1)	1970	1971	1972	1973
Ski-Doo products	10 600	14 800	9 900	6 700	(1 000)
Moto-Ski products	—	—	—	(1 000)	(1 900)
Industrial products	(600)	(400)	(300)	(100)	ø
Products of manufacturing subsidiaries	1 100	2 400	6 000	6 500	3 400
Total	11 100	16 800	15 600 (2)	12 100	500

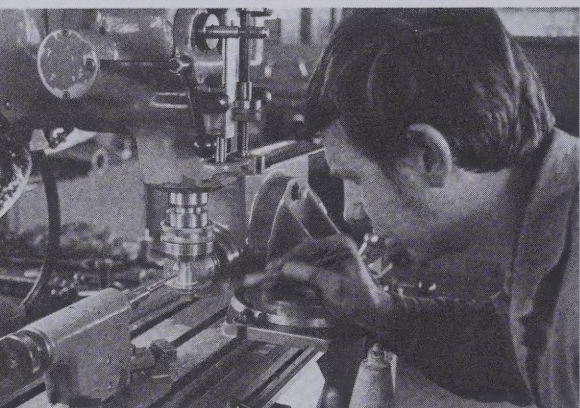
(1) 10 months (2) Restated figure



Heroux Limited, a subsidiary of Bombardier Limited as of February 9th, 1973 specializes in the design, manufacture, development, repair and maintenance of different parts for aerospace such as landing gears.



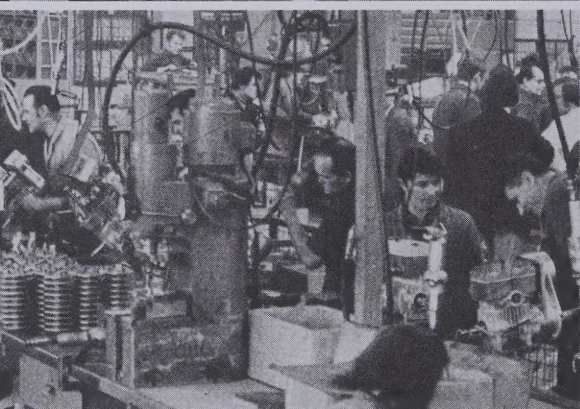
1.



2.

In the drive towards diversification, several of our subsidiaries have undertaken marketing surveys and are studying new products and various new processes of manufacturing.

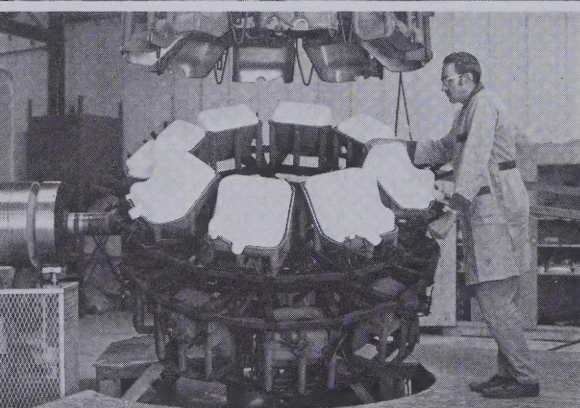
At the international level, the Company has sent teams to Asia, Africa and South America to evaluate new markets for our products. These efforts are beginning to bear fruit. With the support of the Canadian government, we have also participated in several international industrial fairs notably Peking, New Delhi and Buenos Aires.



3.

The rapid expansion of our Company has created various growth problems which have reflected on all our activities. Moreover the introduction of several new snowmobile models, the many technical improvements made during the last two years and the numerous adaptations required to meet government safety and noise standards have delayed assembly line operations and, as a consequence, modified our subsidiaries' production timetables. Due to the aforementioned circumstances, the diversification programme, as outlined in 1971, has not been fully implemented.

With the re-organization and the changes made in the last few months, we are confident that our subsidiaries will be able to intensify their diversification efforts during the forthcoming year. Several interesting projects are being studied and some are expected to become a reality shortly. Within a few years, production diversification of our subsidiaries should represent an important share of our sales.



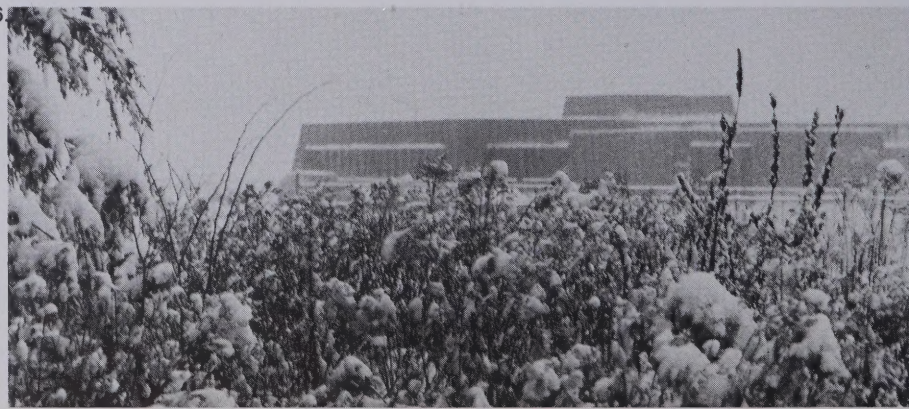
4.

We are aware of the difficulties we will have to face, in the short term particularly, and realistically intend to take all necessary means to meet them. We believe we have the human and technical resources to achieve this end. Because of the excellent work of our employees at all levels, and with a concerted effort to re-organize and consolidate our operations, we are confident that 1973 will be a year of recovery.

Laurent Beaudoin C.A.
President and Chief Executive
Officer



5.



6.

BOARD OF DIRECTORS

Laurent Beaudoin, Chairman
André Bombardier
John N. Cole
Jean-Louis Fontaine
Jean-Paul Gagnon
Charles Leblanc
Hon. Jean-Luc Pépin
Pierre Poltras

CORPORATE MANAGEMENT

Laurent Beaudoin
President and Chief
Executive Officer

Charles Leblanc
Executive Vice-President

André Bombardier
Assistant to the President

Bernard Crevier
Vice-President
Industrial Relations

Jean-Louis Fontaine
Vice-President
Manufacturing Subsidiaries

Jean Rivard
Secretary of the Company
and Director of Legal
Department

INDUSTRIAL DIVISION

Normand Carpentier
General Manager

**APPAREL & ACCESSORIES
DIVISION**

Fernand Turgeon
President and General
Manager

**RECREATIONAL PRODUCTS
GROUP**

Laurent Beaudoin
General Manager

SKI-DOO DIVISION

Laurent Beaudoin
General Manager

Jacques Beaudoin
Vice-President Finance

Guy Bertrand
Vice-President Research
and Development

Michel Cloutier
Vice-President Marketing

Robert Lapointe
Vice-President Production

MOTO-SKI DIVISION

Jean-Paul Gagnon
President

Jean-Yves Bélanger
Vice-President Research
and Development

Guy Doré
Vice-President Production

Jean-Pierre Larose
Vice-President Finance

Lou Soucy
Vice-President Marketing

MOTOR DIVISION

Helmut Rothe
General Manager

Karl Pötzlberger
Assistant General Manager

Othmar Stollnberger
General Manager,
Vienna plant

**CAM-AM MOTORCYCLE
DIVISION**

Gary A. Robison
Vice-President

**MANUFACTURING
SUBSIDIARIES**

Heroux Limited
Kerrigan Turner
President

Jarry Precision Ltd.
Léo Vadeboncoeur
General Manager

Rockland Industries Ltd.
Fernand Bédard
General Manager

LaSalle Plastics Inc.
Marcel Brosseau
General Manager

Drummond Automatic
Plating Inc.
Roger Fournier
General Manager

Roski Ltd.
Roger L'Espérance
General Manager

Ville-Marie Upholstering Ltd.
Jean-Jacques Dumas
General Manager

**DISTRIBUTION
SUBSIDIARIES**

Bombardier East, Inc.
William McConville
General Manager

Bombardier (Ontario) Ltd.
René Bourassa
General Manager

Bombardier (Quebec) Ltd.
Pierre Cloutier
General Manager

Bombardier Corporation
Warren Daoust
President and General
Manager

MS Distribution (1971) Ltd.
Gaston-Guy Pelletier
General Manager

Performance Products Inc.
John Staver
President

1. The President of Bombardier Limited, Mr. Laurent Beaudoin (center) with the Vice-President of Production (Ski-Doo Division), Robert Lapointe, and the Manager of Quality Control (Ski-Doo Division), Raymond Larochelle.

2. An employee at work. Bombardier Limited employs approximately 6,000 people.

3. A view of one of the departments of the assembly plant at the Motor Division in Günskirchen, Austria.

4. Rotational moulding is one of the manufacturing processes in use at Roski Ltd. This process is used in the manufacture of thermoplastic parts such as gasoline tanks for snowmobiles and motorcycles as well as mudguards for motorcycles.

5. A section of the assembly department at the Industrial Division plant.

6. Bombardier Limited's headquarters, Valcourt, Quebec.

